CERTIFIED MANAGER OF COMMUNITY ASSOCIATIONS (CMCA) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What does a compilation entail in financial reporting?

A. A detailed assessment of financial records

B. A presentation of financial statements without GAAP assurances

C. A thorough investigation of financial discrepancies

D. A requirement for community member involvement

2. What do endorsements in insurance policies typically do?

A. Limit coverage options

B. Expand, contract, or clarify coverage

C. Increase premiums

D. Simplify claims process

3. What is the purpose of performance evaluation?

A. To determine employee pay raises

B. To review personal relationships among colleagues

C. To assess whether established goals and standards have been met

D. To plan future marketing strategies

4. What type of accounts might be found in the chart of accounts for an association?

A. Only mandatory expense accounts

B. Titles, descriptions, and assigned numbers for all accounts

C. Only discretionary expense accounts

D. Accounts unrelated to community operations

5. What might be a consequence of failing to reconcile bank statements monthly?

A. Enhanced financial reporting

B. Increased accuracy of financial documents

C. Potential for financial discrepancies

D. Improved community member trust

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6. What is the primary focus of the HO-6 policy?

A. Insurance for rental properties
B. Insurance for cooperative unit owners
C. Insurance for condominium unit owners
D. Insurance for single-family homes

7. What is primarily protected by a payment bond?

A. Community association's liability
B. Contractor's equipment
C. Payment to suppliers and subcontractors
D. Interest on project financing

8. What may be discussed during an executive session?

A. Only financial matters
B. Public relations issues only
C. Contract negotiations and legal matters
D. Community event planning

9. What is the relationship expressed in the equation "Assets = Liabilities + Member's Equity" known as?

A. Accounting Equation
B. Financial Declaration
C. Balance Principle
D. Equity Distribution

10. What is required for an occurrence claim to be valid?

A. The event must be reported immediately
B. The event must happen during the policy coverage period
C. The event must be caused by natural disasters
D. The event must be backed by photographic evidence

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Answers

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1. B
2. B
3. C
4. B
5. C
6. C
7. C
8. C
9. A
10. B

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Explanations

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1. What does a compilation entail in financial reporting?

A. A detailed assessment of financial records

B. A presentation of financial statements without GAAP assurances

C. A thorough investigation of financial discrepancies

D. A requirement for community member involvement

A compilation in financial reporting involves presenting financial statements based on the information provided by management without expressing any assurance on these statements. This means that the accountant does not verify the accuracy of the data or conduct an audit, which would typically involve a higher level of scrutiny and compliance with Generally Accepted Accounting Principles (GAAP). In a compilation, the primary focus is on assembling the financial information into a structured format that can be easily understood by stakeholders, such as community association members. While it provides clarity and organization to the financial data, it does not offer the same level of reliability as audited financial statements. This is particularly useful for organizations or community associations where a formal audit may not be necessary or feasible, thus making the compilation an efficient way to present financial health without the complexities of full assurance. This method allows management to communicate financial information to stakeholders while still maintaining a level of responsibility for the underlying financial records. It is essential for those managing community associations to recognize the implications of different levels of financial reporting, ensuring they choose the appropriate approach based on the organization's needs and regulatory requirements.

2. What do endorsements in insurance policies typically do?

A. Limit coverage options

B. Expand, contract, or clarify coverage

C. Increase premiums

D. Simplify claims process

Endorsements in insurance policies serve to modify the standard coverage provided by the policy. They can expand, contract, or clarify coverage, allowing policyholders to tailor insurance protection to meet their specific needs. For instance, a homeowner might add an endorsement to cover an expensive piece of jewelry that is not included in the standard policy. Conversely, an endorsement can also limit coverage in certain situations, ensuring that the policy more accurately reflects the insured's risks and requirements. By using endorsements, the insurance policy can be adjusted to better suit the unique circumstances of the insured, making it a vital tool for effective risk management.

3. What is the purpose of performance evaluation?

A. To determine employee pay raises

B. To review personal relationships among colleagues

C. To assess whether established goals and standards have been met

D. To plan future marketing strategies

The purpose of performance evaluation is crucial in assessing whether established goals and standards have been met. This process involves a systematic review of an employee's work performance against set objectives and criteria, which helps in identifying strengths, weaknesses, and areas for improvement. It allows management to determine how well employees are achieving their roles and responsibilities, ensuring alignment with the organization's goals. Evaluating performance against established benchmarks provides valuable feedback to employees, guiding their professional development and helping to foster accountability. This process is not merely about assessing past performance but also about enhancing future productivity and growth within the organization. It creates an opportunity for dialogue between managers and employees, facilitating discussions around support, development needs, and career aspirations, thus driving overall organizational success.

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4. What type of accounts might be found in the chart of accounts for an association?

A. Only mandatory expense accounts

B. Titles, descriptions, and assigned numbers for all accounts

C. Only discretionary expense accounts

D. Accounts unrelated to community operations

The correct response highlights that the chart of accounts for an association includes titles, descriptions, and assigned numbers for all accounts. This comprehensive structure is essential for the organization and management of financial information within a community association. The chart of accounts serves as a crucial tool for categorizing financial transactions, allowing for easy tracking of income and expenses. Each account is typically defined with a specific title and description, providing clarity on the purpose of the account and enabling effective financial reporting and analysis. This organization not only assists in ensuring financial accuracy but also supports compliance with legal and regulatory requirements. While mandatory expense accounts are important, they do not encompass the full range of accounts necessary for comprehensive financial management. Similarly, discretionary expense accounts, while relevant, represent only a subset of the broader accounting framework. Accounts unrelated to community operations are not appropriate for inclusion in the chart of accounts, as they do not contribute to the financial operations or reporting related to the community association. Therefore, the comprehensive approach embodied in the correct answer is key to effective financial management and oversight.

5. What might be a consequence of failing to reconcile bank statements monthly?

A. Enhanced financial reporting

B. Increased accuracy of financial documents

C. Potential for financial discrepancies

D. Improved community member trust

Failing to reconcile bank statements on a monthly basis can lead to a potential for financial discrepancies. Reconciliation is the process of comparing the organization's financial records against the bank statements to ensure that they match and accurately reflect transactions. When this is not done regularly, errors such as overlooked transactions, unauthorized charges, or duplicated entries can go unnoticed. Over time, these issues can accumulate and result in significant inaccuracies in the financial reports, potentially leading to cash flow problems or undetected fraud. Additionally, without regular reconciliation, any discrepancies can escalate, making it increasingly difficult to identify their source and correct them. This not only affects the overall financial health of the community but can also hinder effective budgeting and financial planning. Therefore, the regular reconciliation of bank statements is vital for maintaining accurate financial records and ensuring the integrity of financial management.

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6. What is the primary focus of the HO-6 policy?

A. Insurance for rental properties

B. Insurance for cooperative unit owners

C. Insurance for condominium unit owners

D. Insurance for single-family homes

The primary focus of the HO-6 policy is to provide insurance specifically tailored for condominium unit owners. This policy covers the interior of the unit, including personal property, personal liability, and any improvements made to the unit. Unlike homeowner's insurance for single-family homes, or other property insurance types, the HO-6 policy recognizes that condominium owners usually share common areas and that the homeowners association (HOA) typically carries master insurance for the building's exterior and common areas. Thus, the HO-6 supplementally protects the individual owner's interest, ensuring they are covered for losses related to their specific unit. This makes it an important policy for condo owners, catering to their unique living arrangement and risk exposure.

7. What is primarily protected by a payment bond?

A. Community association's liability

B. Contractor's equipment

C. Payment to suppliers and subcontractors

D. Interest on project financing

A payment bond primarily protects the payment to suppliers and subcontractors involved in a construction project. It ensures that these parties will receive payment for their work and materials, even if the contractor fails to fulfill their payment obligations. This is critical in the construction industry, as subcontractors and suppliers often rely on these bonds for financial security, allowing them to confidently engage in a project without the fear of financial loss due to non-payment. In contrast, options such as the community association's liability or interest on project financing do not directly relate to the specific purpose of a payment bond. While contractor's equipment may be necessary for the project, it is generally covered under separate insurance policies, rather than a payment bond itself. Thus, the primary focus of a payment bond is to secure the financial interests of those providing labor and materials on a construction project.

8. What may be discussed during an executive session?

A. Only financial matters

B. Public relations issues only

C. Contract negotiations and legal matters

D. Community event planning

An executive session is a portion of a meeting that is conducted away from the regular attendees, typically reserved for sensitive topics that require confidentiality. The inclusion of contract negotiations and legal matters is appropriate for discussion in this setting because these issues often involve proprietary information, potential legal implications, or strategic decisions that the board may need to consider without the influence of outside parties. Discussing contract negotiations in an executive session allows board members to assess proposals, analyze terms, and strategize about agreements without public scrutiny, which is crucial in preserving the association's bargaining position and protecting sensitive information. Similarly, legal matters—such as pending litigation, disputes, or compliance issues—often need careful discussion away from the public eye to avoid misinterpretations, compliance risks, or potential impact on legal strategies. By contrast, topics like financial matters or public relations issues may not necessarily warrant the confidentiality provided by an executive session unless they intertwine with legal concerns or other sensitive contexts. Community event planning also typically involve broader engagement from the community and stakeholders, making it less suitable for an executive session, which is meant for limited discussion among board members.

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9. What is the relationship expressed in the equation "Assets = Liabilities + Member's Equity" known as?

A. Accounting Equation

B. Financial Declaration

C. Balance Principle

D. Equity Distribution

The relationship expressed in the equation "Assets = Liabilities + Member's Equity" is known as the Accounting Equation. This fundamental equation serves as the foundation for double-entry bookkeeping and reflects the basic principle of accounting that a company's resources (assets) are financed either by borrowing money (liabilities) or by the owners' contributions (equity). In this equation, assets represent everything the organization owns, liabilities represent what it owes, and member's equity signifies the residual interest of the members after all liabilities have been deducted from the assets. This balanced relationship is crucial for ensuring accurate financial statements and understanding the financial health of an organization. The equation also ensures that the accounting records maintain balance, thereby allowing managers and stakeholders to assess the financial status of the community association effectively.

10. What is required for an occurrence claim to be valid?

A. The event must be reported immediately

B. The event must happen during the policy coverage period

C. The event must be caused by natural disasters

D. The event must be backed by photographic evidence

For an occurrence claim to be valid, the event must happen during the policy coverage period. This is vital because insurance policies typically define the time frame in which events must occur for coverage to be applicable. If an event takes place outside of this designated period, the insurance company will not provide coverage or compensation, regardless of the circumstances surrounding the event. The other options, while they may seem relevant to various contexts, do not address the fundamental requirement of the timing of the event in relation to the policy coverage. Immediate reporting can be beneficial but is not a strict requirement for the validity of the claim itself. Similarly, the cause of the event, such as whether it was due to natural disasters, is not a determining factor for the occurrence claim's validity under the policy terms. Lastly, while photographic evidence can support a claim, it is not a necessity for the occurrence itself to be considered valid under the policy's provisions.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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